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**The Aspen Institute**

*Communications and Society Program*  
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**Memorandum of Exparte Communications**

**To:** William Caton, Acting Secretary, Federal Communications Commission  
**cc:** Attached list of participants, 11th Annual Aspen Institute Conference on Telecommunications Policy

**From:** Charles M. Firestone, Director,  
The Aspen Institute Communications and Society Program

**Re:** CC Docket No. 96-45, Federal State Joint Board on Universal Service

**Date:** August 22, 1996

On August 19-21, 1996 the Aspen Institute Communications and Society Program convened a roundtable discussion of policy issues relating to universal service in the new regulatory environment fostered by the Telecommunications Act of 1996. An agenda of the meetings, list of participants, and charge to the working groups are attached. A full report of the conference will be written by Professor Robert Entman, published at a later date by The Aspen Institute, and submitted to the Federal Communications Commission and the Federal State Joint Board.

At these meetings, the four members of the Federal State Joint Board and one decision-making staff member of the Federal Communications Commission in attendance were labeled as "questioners" and did not set forth opinions on the matters subject to the open proceeding before the Joint Board. Others in attendance represented consumer, academic, local exchange carrier, interexchange carrier, cable communications, alternate local services, and other commercial and non-profit interests. Also in attendance were a State legislator and a local city cable regulator.

Each of these representatives, in the crucible of roundtable discussions, had the opportunity and at times did discuss the underlying issues concerning the definition, provision, mechanism, funding, and implementation of universal service. All of these points are already before the Joint Board in the myriad pleadings with the possible exception that participants discussed the possibility of limiting subsidized lines in high cost areas to a single line (additional lines would not be subsidized), and limiting subsidized service to a single home owned by an individual. Participants also discussed innovative ways for schools to receive subsidies for communications services.

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## **Final Schedule and Agenda**

**Goals of the Conference:** To identify demands and needs of consumers in the new age of digital networking (i.e., the Internet), including drivers, forecasts, and new paradigms; to examine the concept of universal service from these new perspectives; and to consider the impact of these new perspectives on public policies affecting the subject matter of universal service, the pricing and financing of telecommunications and information services, and legal and jurisdictional implications.

### **Sunday, August 18**

7:30 p.m.

**Dinner and Introduction of Participants**

### **Monday, August 19**

8:45 a.m. – 10:20 a.m.

**I. Information and Communications Services:  
Consumer and User Demands and Needs**

Participants will begin by taking stock of consumer and user demand for communications and information services with particular emphasis on forecasts of demand for such services. What are the drivers affecting demand for the foreseeable future, i.e., three to five years? What do we need to know to predict such demand? What is the impact of the World Wide Web, cable modems, wireless delivery systems, competition at all levels, and one-stop shopping? What new paradigms can be drawn from these observations?

10:20 a.m. - 10:40 a.m.

*Break*

10:40 a.m. – 12:15 p.m.      **II. Information and Communications Services:  
Impact of the 1996 Telecommunications Act**

From the discussion in the first part of the morning, participants will turn to the impact that the 1996 Telecommunications Act and FCC regulations implementing that Act will have on the predictions for consumer and user demand and new paradigms. Does the Act, in general, correctly contemplate these eventualities? The group will then turn to the provisions in the Act which address universal service in the United States. What are those provisions and what are the implications for the real world contemplated by the first session?

12:15 p.m. – 1:30 p.m.      *Lunch*

1:30 p.m. – 3:30 p.m.      **III. Working Group Sessions**

Each Working Group will consist of a cross-section of participants, viz., representatives from local, alternative, and interexchange carriers, cable operators, large users, content providers, consumer representatives, information service providers, and state and federal officials. Each group will explore a different issue which is eventually aimed at considering how universal service, or universal access, should be thought of in the future world of information services, and from that, (i) what policies should be adopted, (ii) in what time frame, and (iii) by whom.

**Working Group A:    The Nature of Universal Service**

What is universal service or universal access in the new paradigm?  
How should it be defined and identified? Where do rural, educational, health, emergency, and civic services fit?

**Working Group B:    Financial Aspects of the New Universal Service**

Beyond the legislation, what are the financial implications of the new paradigms on the ability of Americans to gain access to services they need? What are the implications for other communications policy areas, e.g., access, rate rebalancing, antitrust, and intellectual property?

**Working Group C:    Legal and Jurisdictional Issues**

What are the key legal and jurisdictional issues which need to be resolved, and by whom, in order to advance the goals of universal service as contemplated in the Telecommunications Act and beyond? Are there international implications? How might these matters be harmonized with the goal of maximum competition?

Each Working Group will list the essential issues and establish a framework to address the most efficient and equitable policy mechanisms to resolve those issues.

3:30 p.m. - 3:45 p.m.      *Break*

3:45 p.m. - 4:30 p.m.

#### **IV. Plenary: Initial Reports of the Working Groups**

Each Working Group will report to the plenary session with an overview of its general framework or its difficulties in reaching such a framework. The purpose for this session is to (1) move the Working Group along in its work by requiring an interim report, (2) inform the other Working Groups of the reporting Working Group's thinking in order to aid in the coherence of the whole project, and (3) to receive feedback from non-Working Group members on their initial reactions.

#### **Tuesday, August 20**

8:45 a.m. - 12:15 p.m.

#### **V. Working Group Sessions - continued**

These sessions should move to a specific discussion of the mechanisms for resolving the key issue(s) identified in the Working Group's subject matter. The Working Group should then move to a treatment of specific public policy responses to the issues raised: What are the key issues to be resolved by federal, state and local policymakers, and at what stage? What is the overarching framework for considering these issues? What are the appropriate guideposts and guidelines in that consideration? Each Working Group should turn in a succinct report of its conclusions by 5:00 p.m.

#### **Wednesday, August 21**

9:00 a.m. - 12:15 p.m.

#### **VI. Plenary Session: Toward a New Universal Service**

The full group will consider the reports of each of the Working Groups with a view of integrating them into a new approach to universal service and universal access. Is there a unifying perspective on how to think about universal service in the future? What is it? How is it defined, in a flexible manner? What are the financial and social implications of that vision? What policies should be adopted and by whom in order to bring this vision to fruition?

12:30 p.m.

*Lunch and Adjourn*

**Participant List**

**Mr. Andrew Blau**  
Director  
Communications Policy Project  
Benton Foundation

**Mr. Ron Cross**  
Director, Regulatory Policy Analysis  
NORTEL

**Dr. Robert Entman**  
Professor  
Department of Communications  
North Carolina State University

**Mr. Charles M. Firestone**  
Director  
Communications and Society Program  
The Aspen Institute

**Ms. Brenda Fox**  
Vice President  
Federal Relations  
Continental Cablevision

**Professor Alessandro Frova**  
Bocconi University

**Ms. Amy Garmer**  
Senior Program Associate  
Communications and Society Program  
The Aspen Institute

**Mr. Henry Geller**  
Communications Fellow  
The Markle Foundation

**Mr. Frank Gumper**  
Vice President  
Federal Regulatory Planning  
NYNEX

**Dr. Heather Hudson**  
Director  
Telecommunications Management -  
Policy Program  
McLaren School of Business  
University of San Francisco

**Mr. Reed Hundt**  
Chairman  
Federal Communications Commission

**Ms. Julia Johnson**  
Commissioner  
Florida Public Service Commission

**Mr. Spencer Kaitz**  
President  
California Cable Television Association

**Mr. Gene Kimmelman**  
Co-Director  
Consumers Union

**Ms. Susan Littlefield**  
Cable Regulatory Administration  
City of St. Louis, MO

**Mr. Joel Lubin**  
Regulatory Vice President  
AT&T

**Ms. Sheila Mahony**  
Senior Vice President of Communications  
and Public Affairs  
Cablevision Systems Corporation

**Mr. Scott McClellan**  
Vice President  
Public Policy and External Affairs  
US West, Inc.

**Ms. Susan Ness**  
Commissioner  
Federal Communications Commission

**Dr. Eli Noam**  
Professor of Finance and Economics  
Columbia Institute for Tele-Information  
Graduate School of Business

**Dr. Robert Pepper**  
Chief  
Office of Plans and Policy  
Federal Communications Commission

**Mr. Jonathan Sallet**  
Chief Policy Counsel  
MCI Communications Corporation

**Ms. Laska Schoenfelder**  
Commissioner  
Public Utilities Commission  
State of South Dakota

**Dr. Gail Garfield Schwartz**  
Vice President  
Public Policy and Government Affairs  
TCG, Teleport Communications Group

**Mr. Brad Stillman**  
Telecommunications Policy Director  
Consumer Federation of America

**Mr. Lawrence Strickling**  
Vice President, Public Policy  
Ameritech

**Mr. Adam Thierer**  
The Heritage Foundation

**Mr. Albert Vann**  
Member  
New York State Assembly

**Mr. Edward D. Young, III**  
Vice President-External Affairs  
and  
Associate General Counsel  
Bell Atlantic

*observer:*

**Ms. Dianne Northfield**  
Research Fellow  
CIRCIT

*staff:*

**Ms. Elizabeth Golder**  
Program Assistant  
Communications and Society Program  
The Aspen Institute

**Ms. Gia Nolan**  
Program Coordinator  
Communications and Society Program  
The Aspen Institute

## **A Fresh Look at Universal Service**

### **Assignments and Charge to Working Groups**

On Monday afternoon and Tuesday morning, participants will break into three working groups to address specific policy issues in detail. Sessions will consider specific issues in the implementation of the new universal service provisions of the Telecommunications Act, and beyond. The Working Group Assignments are intended generally to provide a cross-section of representatives of various businesses, federal, state and local governments, academia, consumers and users. As a reminder, the goals of the conference, as listed in the Agenda, are:

**Goals of the Conference:** To identify demands and needs of consumers in the new age of digital networking (i.e., the Internet), including drivers, forecasts, and new paradigms; to examine the concept of universal service from these new perspectives; and to consider the impact of these new perspectives on public policies affecting the subject matter of universal service, the pricing and financing of telecommunications and information services, and legal and jurisdictional implications.

**Working Group Charge:** Each group will explore a different issue which is aimed at considering how universal service, or universal access, should be thought of in the future world of advanced information services contemplated by Congress in the Telecommunications Act of 1996, and from that, (i) what policies should be adopted, (ii) in what time frame, and (iii) by whom. Please try to concentrate on three major issues in each group.

#### **Working Group A: The Nature of Universal Service**

What is universal service or universal access in the new regulatory environment? How should it be defined and identified? Who should get subsidies and how?

Sample issues:

- Universal "services" vs. "things"
- Should universal service be considered relative to total consumption of communications products?
- Should decision-making reside in the consumer, government and/or service providers?
- Affordability and essentiality issues: who, where, what?

Group questioner: Johnson  
Blau  
Fox  
Frova  
Hudson  
Sallet  
Stillman  
Strickling  
Vann

### **Working Group B: Financial Aspects of the New Universal Service**

What are the financial implications of the universal service schemes on the ability of Americans to gain access to services they need? What are the implications for other communications policy areas, e.g., access charges, rate rebalancing, and antitrust?

Sample issues:

- Relationship between 254 and access charges?
- How best to design explicit subsidies in this scheme?
- What does Act tell us about cost-based pricing?
- Cost recovery issues; market and capital investment issues
- Competitive bidding process for providers

Group Questioner: Ness

Cross

Geller

Kaitz

Kimmelman

Lubin

Noam

Schwartz

Thierer

Young

### **Working Group C: Legal and Jurisdictional Issues, and Implementing Subsidies for Social Demands, e.g., Education, Libraries and Healthcare.**

What are the key legal and jurisdictional issues which need to be resolved, and by whom, in order to advance the goals of universal service as contemplated in the Telecommunications Act and beyond? How might these matters be harmonized with the goal of maximum competition? How should the provisions for subsidies for educational, library and other institutions be implemented, by whom?

Sample issues:

- Federal/State/Local: Who should decide what, at what level?
- Should universal service be a demographic vs. geographic issue?
- Service to schools, libraries, health care -- when to socialize? how?

Group Questioner: Schoenfelder

Group Questioner: Pepper

Entman

Gumper

Littlefield

Mahony

McClellan

Each Working Group will list the essential issues and establish a framework to address the most efficient and equitable policy mechanisms to resolve those issues.